



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 18, 2000

Mr. Eric York
Moab Salt Inc.
P.O. Box 1208
Moab, Utah 84532

Re: Review and Adjustment of Reclamation Surety Estimate, Moab Salt, Inc., Cane Creek Mine,
M/019/005, Grand County, Utah

Dear Mr. York:

The purpose of this letter is to formally document the status of the ongoing reclamation surety review for the benefit of all parties involved in the transaction between PCS Phosphate Company, Inc. (PCS) and Intrepid Oil and Gas, L.L.C. (Intrepid). The status of this review and the possible effect on the existing surety estimate have been discussed during recent meetings and in numerous discussions between representatives of PCS, Moab Salt Inc., Intrepid and Division staff. The \$13,247,000 replacement surety will be acceptable until we complete our assessment and recalculation of the existing surety estimate.

The reclamation surety estimate for the Cane Creek Mine was initially prepared in 1989 and projected to the year 1999. The Division began a detailed review of this estimate in December of 1999, however, this review has not yet been completed. This review is anticipated to be completed within the next 60 days. Depending upon the results of our review and preparation of the revised estimate, we may require an adjustment to the current surety amount.

If you have any questions regarding this letter or the reclamation surety estimate review, please contact me at (801) 538-5286, or Tony Gallegos at (801) 538-5267.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

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cc: Robert Jornayvaz, Intrepid
Mary Ann Wright, DOGM

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